

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2019

(Expressed in Barbados dollars)

24. Financial Risk Management, continued

Credit risk, continued

Financial investments, continued

Assessment of Sovereign debt securities, continued

The above assumptions were the best case scenario for the Credit Union's securities that are backed by the most reasonable and supportable data available at the time of the assessment.

Key data sources as outlined in the expected credit loss assessment methodology were obtained from Moody's, a global credit rating agency that provided published statistics and data on corporate and sovereign bonds and investments. Also used were the yield curves from the Central Bank of Barbados (CBB) and the Institute of Accountants of Barbados (ICAB).

The expected credit losses computed were \$564,263 as at March 31, 2019.

Exposure to credit risk before collateral held or other credit enhancements

The Credit Union limits its exposure to credit risk by investing only in entities that have high credit ratings and Government of Barbados securities. Government securities are invested over a longer period than term deposits with other financial institutions which typically mature within one year. The Credit Union has invested in FVOCI and FVTPL equity instruments as well, which gives it an opportunity to monitor the performance of these companies over time and make economic decisions where warranted. The Credit Union has documented investment policies in place, which guide the management of credit risk on investments.